

April 1, 2009

The Honorable Arnold Schwarzenegger  
Governor of the State of California  
State Capitol  
Sacramento, CA 95814

Re: Report for FY 2006-07 and FY 2007-08

Dear Governor Schwarzenegger:

Enclosed please find a financial data report, as required by Government Code Section 12329, for fiscal years 2006-07 and 2007-08. Included in the report is the exact balance in the State's Treasury and a summary of the receipts and payments of the Treasury from July 1, 2006 through June 30, 2008. I also have included information regarding investment earnings and transactions, as well as the State's General Fund supported debt for the same period.

Sincerely,

Bill Lockyer  
State Treasurer

Enclosure

**CALIFORNIA STATE TREASURER'S OFFICE**  
**FINANCIAL DATA REPORT**  
**FISCAL YEARS 2006-07 AND 2007-08**



**BILL LOCKYER**  
**STATE TREASURER**

## **INTRODUCTION**

---

This report is prepared in compliance with Government Code Section 12329, which states, in relevant part, that, “[on] or before the fifteenth day of September in each even-numbered year, the Treasurer shall report to the Governor the exact balance in the treasury...and [provide] a summary of the receipts and payments of the treasury...” This report satisfies said requirement for fiscal years 2006–07 and 2007–08.

Copies of the report may be obtained from the State Treasurer’s website at <http://www.treasurer.ca.gov/publications/index.asp>, or by written request to the address below:

State Treasurer’s Office  
915 Capitol Mall, Room 110  
Sacramento, CA 95814

## TREASURY ASSET BALANCE

The asset balance in the State Treasury to the credit of the State totaled \$65.42 billion on June 30, 2007 and \$70.48 billion on June 30, 2008.

Treasury Assets (\$ Thousands)		
<u>Cash Group</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Demand Deposits	(\$318,365)	\$78,107
Fiscal Agent Deposits	13,086	322,520
Accounts Receivable/Payable	79,674	130,912
Pooled Money Investment Account		
Time Deposits	9,169,572	9,393,500
Securities	49,269,393 *	49,889,479 *
Loans	7,204,754	10,661,771
PMIA Total	<u>65,643,719</u>	<u>69,944,750</u>
<b>TOTAL</b>	<b>\$65,418,114</b>	<b>\$70,476,289</b>

\* Premium/discount amortization posted on June 30.

## CASH RECEIPTS AND DISBURSEMENTS

The cash receipts deposited through the centralized State Treasury totaled approximately \$1.047 trillion during the 2006-07 fiscal year and \$1.034 trillion during the 2007-08 fiscal year. Disbursements totaled approximately \$1.047 trillion during the 2006-07 fiscal year and \$1.033 trillion during the 2007-08 fiscal year.

State of California		
2006-07 Quarterly Cash Receipts and Disbursements		
(\$ Thousands)		
	<u>Receipts</u>	<u>Disbursements</u>
July 2006 - September 2006	\$230,029,090	\$230,053,583
October 2006 - December 2006	242,313,187	242,208,820
January 2007 - March 2007	255,013,973	254,704,756
April 2007 - June 2007	<u>319,641,641</u>	<u>320,007,271</u>
<b>TOTAL</b>	<b>\$1,046,997,891</b>	<b>\$1,046,974,430</b>
2007-08 Quarterly Cash Receipts and Disbursements		
(\$ Thousands)		
	<u>Receipts</u>	<u>Disbursements</u>
July 2007 - September 2007	\$262,209,460	\$261,806,823
October 2007 - December 2007	247,479,864	247,213,048
January 2008 - March 2008	241,647,162	241,238,962
April 2008 - June 2008	<u>282,548,141</u>	<u>283,007,314</u>
<b>TOTAL</b>	<b>\$1,033,884,627</b>	<b>\$1,033,266,147</b>

## INVESTMENTS

The investment earnings of the Pooled Money Investment Account (PMIA) for fiscal years 2006-07 and 2007-08 totaled \$5.723 billion.

During the 2006-07 fiscal year, PMIA investment activity involved 9,448 transactions, totaling \$395.1 billion. The table below provides a breakdown of the PMIA portfolio holdings as of June 30, 2007.

State of California		
Pooled Money Investment Account Portfolio		
(\$ Thousands)		
<u>Security Type</u>	<u>Principal Amount</u>	<u>Percent of Portfolio</u>
Governments		
Bills	\$3,326,633	5.07%
Bonds	-	-
Notes		
Strips	-	-
Total Governments	\$3,326,633	5.07%
Federal Agency Coupons	\$8,132,351	12.39%
Certificates of Deposit	15,594,464	23.76%
Bank Notes	1,300,000	1.98%
Bankers Acceptances	-	-
Repurchases	-	-
Federal Agency Discount Notes	5,718,180	8.71%
Time Deposits	8,740,495	13.32%
GNMA's	209	-
Commercial Paper	14,375,798	21.90%
FHLMC	865,555	1.32%
Corporate Bonds	385,050	0.59%
AB 55 Loans	7,204,754	10.98%
General Fund Loans	-	-
Reverse Repurchase	-	-
<b>TOTAL (All Types)</b>	<b>\$65,643,489</b>	<b>100.00%</b>

## INVESTMENTS (CONTINUED)

During the 2007-08 fiscal year, PMIA investment activity involved 10,528 transactions, totaling \$441.5 billion. The table below provides a breakdown of the PMIA portfolio holdings as of June 30, 2008.

<b>State of California</b> <b>Pooled Money Investment Account Portfolio</b> <b>(\$ Thousands)</b>		
<b><u>Security Type</u></b>	<b><u>Principal Amount</u></b>	<b><u>Percent of Portfolio</u></b>
Governments		
Bills	\$2,312,443	3.31%
Bonds	-	-
Notes	1,856,992	2.65%
Strips	-	-
Total Governments	\$4,169,435	5.96%
Federal Agency Coupons	\$10,791,527	15.43%
Certificates of Deposit	14,045,097	20.08%
Bank Notes	880,000	1.26%
Bankers Acceptances	-	-
Repurchases	-	-
Federal Agency Discount Notes	9,341,697	13.35%
Time Deposits	9,393,500	13.43%
GNMA's	164	-
Commercial Paper	9,298,148	13.29%
FHLMC	1,118,132	1.60%
Corporate Bonds	255,915	0.37%
AB 55 Loans	10,661,771	8.64%
General Fund Loans	-	-
Reverse Repurchase	-	-
<b>TOTAL (All Types)</b>	<b>\$69,955,386</b>	<b>100.00%</b>

The Treasurer continues to seek investment opportunities that promote the California economy. For example, by increasing investments with California financial institutions through the Time Deposit Program, the State fosters home and business financing throughout California. Time deposits averaged \$8.35 billion in 2006-07 fiscal year, and \$9.12 billion in 2007-08. This compares with time deposits that averaged \$6.46 billion in fiscal year 2004-05 and \$7.59 billion in 2005-06.

## GENERAL FUND SUPPORTED DEBT OUTSTANDING

As of June 30, 2008, the State had \$52.68 billion in aggregate principal amount of General Fund supported debt outstanding. This consisted of \$45.46 billion in General Obligation bonds and Commercial Paper and \$7.22 billion in Lease Revenue bonds. Details of total June 30, 2007 and June 30, 2008 outstanding General Fund supported debt appear in the table below.

State of California		
General Fund Supported Debt Outstanding*		
(\$ Thousands)		
	<u>June 30, 2007</u>	<u>June 30, 2008</u>
<b><u>General Obligation (GO) Non-self Liquidating</u></b>		
Corrections	\$912,885	\$754,110
Higher Education	5,232,995	6,622,140
Housing	659,230	680,180
K-12 Education	23,319,122	25,794,789
Social Services	1,924,940	2,375,530
State Office Buildings	168,105	239,905
Transportation & Clean Air	1,608,035	2,578,415
Water Quality Improvement & Parks	4,950,100	6,420,390
<b>Total GO (Non-self Liquidating)</b>	<b>\$38,775,412</b>	<b>\$45,465,459</b>
<b><u>Lease Debt</u></b>		
Community Colleges	\$590,005	\$573,470
Department of Corrections	2,115,954	2,065,685
Department of Youth Authority	14,895	-
Office of Energy Assessments	31,875	21,005
Regents of the University of California	1,790,962	2,025,269
Trustees of the California State University	553,700	523,990
Various State Office Buildings	1,949,260	2,007,975
<b>Total Lease Debt</b>	<b>\$7,046,651</b>	<b>\$7,217,394</b>
<b>TOTAL GENERAL FUND SUPPORTED DEBT</b>	<b>\$45,822,063</b>	<b>\$52,682,853</b>

\* Outstanding amount includes commercial paper outstanding and the initial value of capital appreciation bonds.



## GENERAL FUND SUPPORTED DEBT SOLD

Since June 30, 2006 the State Treasurer has sold approximately \$10.97 billion principal amount of General Fund supported debt. This figure is comprised of General Obligation bonds of the State and Lease Revenue bonds. The total amount of General Fund supported debt sold was \$6.46 billion in fiscal year 2006-07 and \$4.51 billion in fiscal year 2007-08.

State of California		
General Fund Supported Debt Sold		
(\$ Thousands)		
	<u>June 30, 2007</u>	<u>June 30, 2008</u>
<b><u>General Obligation (GO) Non-self Liquidating</u></b>		
Corrections	\$0	\$1,495
Higher Education	858,230	457,745
Housing	625,345	60
K-12 Education	2,908,950	1,461,230
Social Services	91,960	418,840
State Office Buildings	99,265	56,315
Transportation & Clean Air	3,135	2,160
Water Quality Improvement & Parks	962,135	1,005,060
<b>Total GO (Non-self Liquidating)</b>	<b>\$5,549,020</b>	<b>\$3,402,905</b>
<b><u>Lease Debt</u></b>		
Community Colleges	\$0	\$72,390
Department of Corrections	-	357,040
Department of Youth Authority	-	-
Energy Efficiency	-	-
Regents of the University of California	627,125	156,210
Trustees of the California State University	-	25,560
Various State Office Buildings	280,830	501,395
<b>Total Lease Debt</b>	<b>\$907,955</b>	<b>\$1,112,595</b>
<b>TOTAL GENERAL FUND SUPPORTED DEBT</b>	<b>\$6,456,975</b>	<b>\$4,515,500</b>